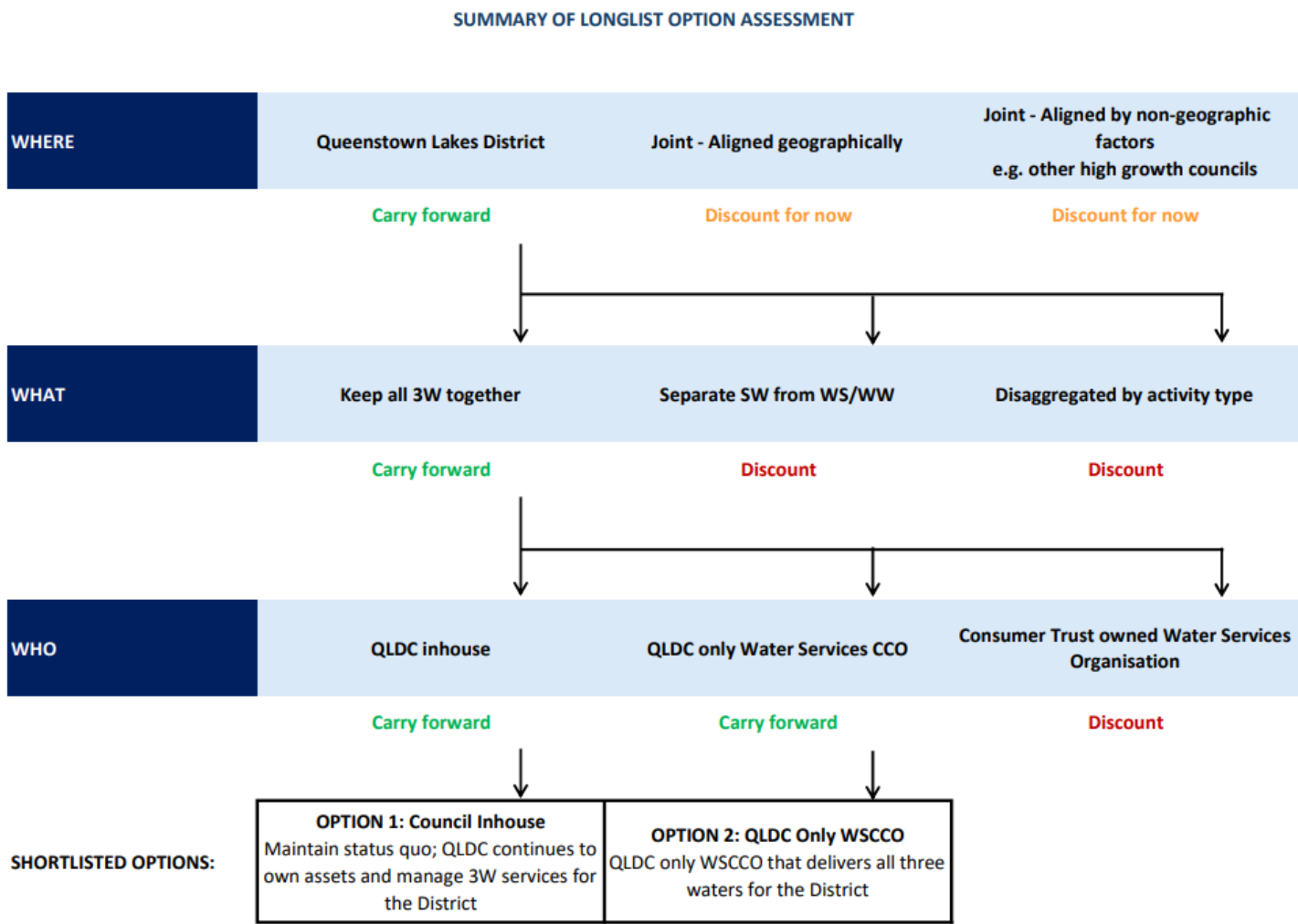


ATTACHMENT A: LONGLIST ASSESSMENT



WHERE			
What are we asking?	Future water service provision could be delivered at varying scales, from our status quo of service provision across the QL district to a broader arrangement that may offer some economies of scale. Any broader scale would ultimately be reflected in the location a provider delivers services to (be that geographically aligned or otherwise). Here we are asking where could service provision be viable and potentially beneficial?		
Why are we asking this?	Local Water Done Well aims to ensure the future financial sustainability of water services, and provides for this to be achieved either by territorial authorities on their own, or for groups of territorial authorities to join together. It is important to consider whether joining with others could be beneficial for our district's future water services, and if so, whether that is viable at this time.		
Critical Success Factors	Options		
	(1) Queenstown Lakes District	(2) Joint - Aligned geographically	(3) Joint - Aligned by non-geographic factors e.g. other high growth councils
Economic viability Considers: whether the option offers economic benefits (e.g. access to financing, economies of scale, delivery efficiencies) relative to the status quo.	Pass	Possible	Possible
	Represents the status quo	Joining together the water services of multiple councils would be reasonably expected to match or improve the economic benefits of the status quo. However, the geographic location and financial performance of the other councils could undermine this. This would be dependent on the specific partners.	Joining together the water services of multiple councils would be reasonably expected to match or improve the economic benefits of the status quo. However, if these councils were geographically dispersed these benefits could be undermined. This would be dependent on the specific partners.
Achievability Considers: whether the option can be successfully designed and understood within the time available.	Pass	Fail	Fail
	Provision of district-wide 3W services is already in place and well understood.	Partnering could deliver a range of benefits to the district's residents and ratepayers. To leverage these benefits, QLDC needs to find the right partners and take time to robustly work through how an enduring and successful partnership would be structured and implemented. Some key principles underpinning any partnership should include: <ul style="list-style-type: none"> • There is strong alignment of objectives and priorities between parties • The partnership would be beneficial for our district's current and future residents and ratepayers • Meaningful scale would be achieved • The partnership is likely to be enduring There is insufficient time to robustly identify all possible, and willing, partners and assess the potential benefits. Within the timeframes available there were three potential groupings identified. None of these groupings are considered reasonably practicable for the purposes of taking them forward into the assessment process: <ol style="list-style-type: none"> 1. All of Otago Southland: This was initially modelled but as some councils opted out it is not an option that is available. 2. Smaller grouping with Central Otago, Clutha, Gore, Waitaki: Initial modelling for QL's inclusion showed that a joint entity with QL would be more expensive for other districts. The group faces different challenges, with QL's assets being newer and investment focused on growth, while other councils deal with older assets and compliance issues. Aligning investment priorities would be difficult, and the combined entity wouldn't achieve significant efficiencies, as 65% of the capital program would be QL's investment. 3. Joint entity with other growth councils: some early exploration of this approach occurred in recognition of potential benefits, but there are no viable partnerships available at this time. Council may wish to proactively explore potential partnerships into the future with a view to joining or sharing services at a later date - proceeding with a district-level scale for now does not preclude a future partnership model.	
Results	Carry forward	Discount for now	Discount for now

WHAT			
What are we asking?	Our assessment of potential scale has determined that, at this time, the only reasonably practicable options for QLDC's consideration are at a district level. In this context, we need to understand whether it makes sense to keep the provision of the district's three waters services together (managed by one party) or if there are benefits in separating the provision of some or all of these services. Here we are asking what combination of 3W services could work for our district?		
Why are we asking this?	While water supply, wastewater, and stormwater are all deemed to be types of water services and must comply with associated legislative and other requirements, the legislative and regulatory environment acknowledges that it may be beneficial for some territorial authorities to transfer ownership of only their water supply and wastewater assets into an alternative service provision arrangement, retaining the management of stormwater networks in house.		
Critical Success Factors	Options		
	(1) Keep all 3W together	(2) Separate SW from WS/WW	(3) Disaggregated by activity type
Economic viability Considers: whether the option offers economic benefits (e.g. access to financing, economies of scale, delivery efficiencies) relative to the status quo.	Pass	Fail	Fail
	Represents the status quo	Separating SW from WW and WS would reduce scale of both services, add complexity and cost relative to options that keep three waters provision together. Given the size of QLDC's three waters function, the scale of SW on its own could not be resourced as efficiently or cost-effectively relative to the status quo (the full suite of asset management lifecycle capabilities and accompanying management structure would need to be established for both WS&WW and SW - creating local competition for limited expertise and duplicating costs/capabilities across 3W services). Additionally, there would be high interface burden and administrative effort in maintaining alignment between the activities, which could otherwise be directed towards improving performance. Separation of the services requires both providers to be inherently more responsive to the actions/decisions of each other - increasing the risk of diverting resources away from long-term investment plans & intentions.	As per option 2, but further resourcing inefficiencies and greater administrative burden and inefficiency in managing three separate activities.
Achievability Considers: whether the option can be successfully designed and understood within the time available.	Pass		
	3W assets and services are currently owned/managed together.	N/A - failed previous CSF	N/A - failed previous CSF
Results	Carry forward	Discount	Discount

WHO			
What are we asking?	Our assessment of potential scale and scope has determined that, due to the district's relatively small size and the strong interdependence between wastewater and stormwater network planning/management, the only reasonably practicable option is to retain the ownership and management of all three waters services together. Here we are asking who could be the district's water services provider?		
Why are we asking this?	Local Water Done Well provides a for a range of delivery models including retaining services within territorial authorities, transferring responsibilitie to a Water Services Council Controlled Organisation (WSCCO) or transferring responsibilities to a Consumer Trust. We need to understand which of these models makes sense for the future delivery of the district's water services.		
Critical Success Factors	Options		
	(1) QLDC inhouse	(2) QLDC only Water Services CCO	(3) Consumer Trust owned Water Services Organisation
Economic viability Considers: whether the option offers economic benefits (e.g. access to financing, economies of scale, delivery efficiencies) relative to the status quo.	Pass	Pass	Fail
	Represents the status quo	The scale of a single Council WSCCO, that includes all three waters, would be the same as that of an inhouse function. As such it is reasonable to assume that a WSCCO would offer at least the same economic benefits as the status quo. Whether this option delivers greater economic benefits can only be determined through a more detailed assessment.	A new water organisation, owned by a new Consumer Trust, would not have access to LGFA borrowing and would lack a track record of financial performance and creditworthiness. These factors would make it considerably harder to access financing options as favourable as those available through other models, including the status quo. In addition, ability to secure borrowing would require detailed financial planning and negotiations with potential funders and DIA.
Achievability Considers: whether the option can be succesfully designed and understood within the time available.	Pass	Pass	N/A - failed previous CSF
	Represents the status quo	As a joint WSCCO has been discounted (for now), work to design and understand the implications of a WSCCO is required under the Local Government (Water Services Preliminary Arrangements) Act.	
Results	Carry forward	Carry forward	Discount